

7 NOV 1958

**MEMORANDUM FOR:** Acting Comptroller

**SUBJECT :** Payments to the Defense Department in Reimbursement for Services and Supplies

**REFERENCES :**

- (a) Memorandum dated 27 August 1953 to Comptroller from Chief, Fiscal Division
- (b) Memorandum dated 8 September 1953 to Chief, Logistics from Comptroller
- (c) Memorandum dated 17 September 1953 to Chief, Fiscal Division from Comptroller

1. This memorandum contains a recommendation for approval. This recommendation is contained in paragraph 7.

2. As you may recall, several years ago there were a considerable number of vouchers for payment to the Armed Services that were being withheld from payment until complete receiving reports had been received. The delay in making payment of these vouchers was the cause of great concern as it resulted in serious inconvenience to the Service agency and created a poor working relationship.

3. In order to immediately correct this situation it was recommended (Reference a) and approved (References b and c) that the payment of these vouchers be effected without prior verification of receiving reports, with the proviso that this verification would be accomplished on a post disbursement basis. This procedure was in accordance with provisions of Public Law 601, as amended, which authorizes settlement on transactions between U.S. Government Agencies arising out of materials provided or services rendered by the requisitioning agency prior to complete audit and certification. However, since clearing the backlog of vouchers then held, the procedure of verification of receiving reports before settlement is again being followed.

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4. The Fiscal Division, in making settlement for these activities, continues to encounter considerable difficulty in obtaining receiving reports or approvals of procurement activities or identification as to the using component to be charged for services. Referrals must first be made to Area Divisions, Military Personnel Division, Central Processing Branch, Office of Logistics, Transportation Division, Supply Division or other Agency components that are in some way believed connected with the transaction or identified as the using component. These processes are very time consuming as the documents require numerous handlings before being completed. When the bills are paid they are then reflected through the reciprocal accounts to the Finance Division which has to analyze the detailed items and effect appropriate recordings.

5. Numerous discussions concerning the delays in processing these reimbursements to the Service agencies have been held with Agency components involved as well as with the Service agencies' representatives to expedite the payments. The other agencies have been requested to segregate their billings to facilitate our handling and their billings are usually so segregated. However, delays in payment of reimbursements continue to take place due to the lack of proper documentation being made available to the Fiscal Division to identify the charges to the using components. The continuing delay in making reimbursements to the Service agencies affects our relationships with them as they make follow-ups periodically as to when they can expect payment.

6. It has been concluded, after these discussions with the Agency components involved with respect to expediting the processing of the billings from the Defense Department, that prompt payment should be effected by adoption of the provision stated in Public Law 601, as referred to in paragraph 3 above, which recognizes payments between Government agencies prior to complete audit and certification. In the handling of disbursements in this manner it is also deemed appropriate that since the Finance Division has available to it, for other purposes, documentation and/or other informational material, which is not made available to the Fiscal Division because of security reasons, the Finance Division should be charged with the full responsibility for final review of the vouchers with respect to authorization, receiving, and distribution of charges.

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7. It is recommended that you approve in principle the proposal for payment of Defense Department billings by the Fiscal Division prior to audit and referral thereof to the Finance Division for further processing. Detailed procedures relative to this matter will be developed and set forth in a Comptroller Instruction after you indicate your concurrence herein.

8. We are continuing the review of internal Agency procedures relative to the documentation that should be promptly provided to the Office of the Comptroller in order that the accounting for these activities is maintained currently and contemplate the issuance of operating procedures to implement Agency regulations which currently prescribe general requirements in this connection. We have been concentrating our efforts on billings from the Air Force but coverage will also include activities with the Departments of the Army and the Navy.

[REDACTED]

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Chief, Technical Accounting Staff

Concurrences:

Chief, Fiscal Division

Date

ILLEGIB  
[REDACTED]  
Chief, Finance Division

Date

Approved:

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[REDACTED]  
Acting Comptroller

Date